Geography

Washington state is located in the Northwest corner of the 48 contiguous states between 49 degrees and 46 degrees north latitude. It has a total land area of 68,192 square miles of which 1,215 square miles are inland water areas.



The most salient geographic feature is the lofty Cascade Mountain range, which separates the state into two distinct climate zones. The eastern half of the state has a dry climate averaging 16 inches of precipitation, with hot summers and cold winters. The western side of the state has a warm marine climate and averages 40 inches of rainfall. About 78 percent of the state's population is concentrated in the western portion.

Besides the Cascades, the state is marked by six distinct physiographic regions: the rugged and relatively undeveloped Olympic Peninsula area in northwest Washington; the Puget Lowlands with the inland waterway area of the Puget Sound; the forested southwest area of the Willapa Highlands; the relatively dry and sparsely populated inland Okanogan Highlands; the irrigated farmland area of the Columbia Basin; and the productive dryland agricultural region of the Blue Mountain area in southeast Washington.

The Puget Lowlands, a wide valley between the Cascade Range and the Olympic Mountains, runs for 250 miles from the Canadian border to the Columbia River. The upper half of the Lowlands is made up of the Puget Sound area, with its shorelines, waterways and islands. This region has become the most populated part of the state owing to its mild climate, moderate rainfall and diverse economy. The southern portion of the Lowlands is made up of extended plains.

Mount Rainier, the highest elevation in the state (14,408 feet), is located in Pierce County. Mount St. Helens, which erupted explosively on May 18, 1980, is located in Skamania County. This is one of the least populated areas of the state and is heavily dependent on the forest products industry.

The Columbia River is a prominent feature in the state's geography. It starts in Canada and winds for 1,300 miles to the Pacific Ocean: south through central Washington and then west forming most of the state's southern border with Oregon. As it heads west, it has cut deep gorges through the Cascade Mountains and the coastal ranges. The Columbia River is the greatest source of hydroelectric power in the United States and provides much of the water for agriculture in the Columbia Basin.

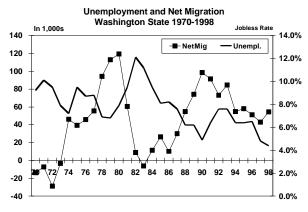
Population

Trends

In 1998, total population reached 5,685,300, after edging past the five million mark in 1991, according to estimates from the state Office of Financial Management (OFM). The 1998 figure represented an increase of 16.8 percent above the 1990 Census count, and 37.5 percent since 1980.

Net migration (people moving in less those moving out) between 1990 and 1998 has been estimated at 510,183. Thus far it has accounted for 63.1 percent of total statewide population growth, with the remainder due to natural increase (births minus deaths).

According to April 1998 data, about 78 percent of the state's total population has become concentrated in Western Washington, with the Puget Sound region ac-



counting for about 59 percent of total. Based on 1998 estimates, 22 percent of the state's residents live east of the Cascades.

From 1990 to 1998, the top five counties in percentage growth were Clark (37.8 percent), Jefferson (29.9), Mason (26.0 percent), Pend Oreille (25.6), and San Juan (25.6). Three of these (Jefferson, San Juan and Mason) have been big draws because of opportunities for recreation and retirement living.

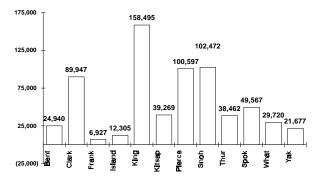
Cities and Towns

The six largest cities in Washington are Seattle (539,700), Spokane (188,300), Tacoma (186,000), Vancouver (132,000), Bellevue (105,700) and Everett (84,330).

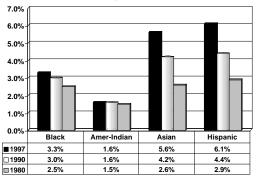
In the current decade, new municipal incorporations include Federal Way (1990), SeaTac (1990), Burien (1993), Woodenville (1993), Newport Hills (1994, formerly Newcastle), Shoreline (1995), University Place (1995), Edgewood (1996), Lakewood (1996), and Covington and Maple Valley (1997). Winslow changed its name to Bainbridge Island in 1991. Vancouver's sudden population increase of 90 percent from 1996 to 1997 resulted from annexation.

Washington's 1998 population indicates a preponderance of incorporated (57.5 percent) over unincorporated areas (42.5 percent). The state's cities and towns, which take up a mere 2 percent of the total land area, account for about 52 percent of the total population.

Metro County Population Growth 1990-1998 Cumulative



Washington State Population Distribution By Minority Segments: 1997, 1990, 1980



Labor Force

Growth

The civilian labor force totaled 2,988,200 in 1997, an increase of 17.7 percent since 1990. This compared with 15.2 percent growth in population for the same period. Between 1990 and 1991 the labor force had stalled owing to a decline (-1.4 percent) in total employment. According to the 1996 Long-Term Economic and Labor Forecast Trends for Washington (produced jointly by OFM and the Employment Security Department), labor force growth is expected to decline to 2.1 percent annually from 1990 to 2000, and from 2000 to 2010 to 1.5 percent: this compared with 2.5 percent annual growth in the 1980 to 1990 period, 3.4 percent from 1970 to 1980, 2.6 from 1960 to 1970, and 5.5 percent from 1950-1960.

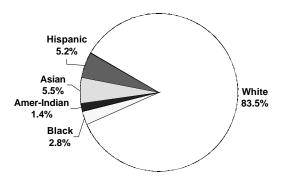
In 1995, Washington's labor force participation rate stood at 69.8 percent. The male rate was estimated at 76.1 percent, while that for females was about 63.9 percent. Labor force participation by women stood at 46.8 percent in 1974, and is expected to peak at 66.6 percent in 2005. According to 1990 data, the highest labor force participation rate for both genders occurs in the 35-44 age group: 96.9 percent of all males in this cohort were in the labor force vs. 81.6 percent for women.

Aging of the labor force

Changes in demographics and labor force participation are expected to significantly alter the profile of Washington's labor force. Largely due to aging of the "baby boom" generation (born between 1946 and 1964), the number of workers aged 55 to 64 will increase dra-

matically (198.7 percent) from 1990 to 2020 while those in the 25-to-34 cohort will grow only moderately (29.1 percent). According to the 1997 Long-Term Economic and Labor Force Forecast, older workers (55 and older) will comprise about 20.3 percent of all workers in 2020, almost doubling the 10.8 percent share in 1990. By as early as the year 2000, the "middle-aging" of the labor force will lead to "generational crowding" for those aged 35 to 54, caused by an oversupply of qualified workers seeking a limited number of mid-career promotions. This crowding phenomenon is expected to grow with the prevailing "delayering" of management and aggressive cost cutting by large corporations. As seen from population data from 1990 to 1996, the 45-49 age cohort was the fastest growing, up 44.2 percent, while the 50-54 bracket

1997 Washington State Labor Force by Race /Hispanic Origin



was second with 39.2 percent.

Ethnic composition

The state's labor force composition by race and Hispanic origin, according to the 1997 estimates, was 83.5 percent White; 2.8 percent African American; 1.4 percent American Indian; 5.5 percent Asian and Pacific Islander; and 5.2 percent Hispanic.

By age, the 1990 labor force distribution has been estimated at 5.7 percent for ages 16-19; 10.4 percent for 20-24, 27.9 percent for 25-34, 28.2 percent for 35-44, 16.7 percent for 45-54, 8.6 percent for 55-64, and 2.6 percent for those 65 and older.

Unemployment

Unemployment Rates Washington State 1940-1997



In 1997, unemployment averaged 4.8 percent, significantly lower than 1996's level of 6.5 percent. The state's lowest rate was 3.4 percent in 1951, and the highest postwar level was 12.1 percent in the recession of 1982. Within recent times, the low was 4.9 percent in 1990.

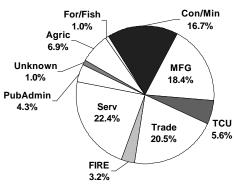
By race and Hispanic origin, according to 1997 data, the jobless rate measured 4.2 percent for Whites; 9.2 percent for African Americans; 11.7 percent for Native Americans; 4.9 percent for Asians; and 9.9 percent for Hispanics. The overall female unemployment rate was estimated at 4.7 percent, while the breakdown by race and Hispanic showed 4.1 percent for Whites, 8.9 percent for Blacks, 9.7 percent for Native Americans, 5.1 percent for Asians, and 10.7 percent for Hispanics.

Joblessness by industry (based on Oct. 1998 national data) was at its highest in trade, 5.5 percent; next was construction, 5.3 percent; services, 4.4 percent; manufacturing, 3.5 percent; TCU, 3.1 percent; FIRE, 2.6 percent; and government, 2.1 percent.

Insured Unemployed

As indicated in Table III-A 2 (see chart next page), the industry accounting for the largest proportion of unemployment insurance claims statewide was services (22.4 percent). The next largest shares were trade (20.5 percent), manufacturing (18.4 percent), construction and mining (16.7 percent), and agriculture (6.9 percent). The smallest proportion of claims originated in forestry and fishing (1.0 percent), FIRE (3.2 percent), public administration (4.3 percent), and TCU (5.6 percent). An estimated 63.5 percent of unemployment insurance claimants were male. In terms of educational achievement, 17.1 percent of claimants had less than a high school education.

Insured Unemployed by Industry Washington State 1998



Labor Market Commuting

Commuting statistics from the 1990 Census (Summary Tape File 3) indicate that 74 percent of workers drove to work alone by car, truck or van; 12.3 percent carpooled (with nearly 80 percent in a 2-person arrangement); 4.5 percent used public transportation (bus, streetcar, subway, railroad, ferryboat, or taxicab); 4 percent walked; 3.8 percent worked at home; 0.7 percent used other means and 0.3 percent motorcycled.

The average commute time to work was 22 minutes, with almost half of all workers (47 percent) getting to their job site within 19 minutes. In the more heavily congested regions of the Puget Sound region, the commute times were slightly higher: 24 minutes for King and Pierce counties and 25 minutes for Snohomish and Kitsap. The above-average figure for Kitsap stems from the fact that 5.6 percent (4,607) of its work commuters account for over 76 percent of total statewide work-related ferryboat use (6,013): timewise, this is reflected in almost the same number (4,760) and proportion of work commuters (5.7 percent) who spend 60 to 89 minutes travelling to their job sites (the average Bremerton-Seattle run takes at least 50 minutes from dock to dock). Among metro areas, Yakima County had the lowest mean travel time to work (16 minutes). With the year 2000 Census, however, it is expected that commute times for many counties will have greatly increased, to judge by ever worsening traffic congestion in the Puget Sound area.

Statewide, 13.7 percent of the work force commuted outside of their county of residence to their place of em-

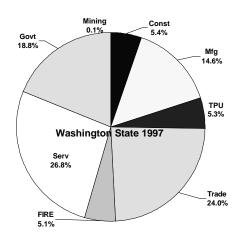
ployment. As indicated in the chart, such commuting varied considerably: In Snohomish County, 38.9 percent of workers crossed county boundaries, mostly to King County, attesting to the labor market integration of the federally designated Seattle-Bellevue-Everett PMSA. This compared to a below-average 6.8 percent in King County and a low of 3.3 percent in Spokane. Pierce County showed 24.7 percent (mostly to King, but also to Kitsap and Thurston counties) while Clark County registered 35.9 percent, almost all of which flowed across the state line to Oregon, primarily Portland. The highest rate in the state was in Asotin County, where 53.5 percent of the work force commuted out of county, mostly across the border to jobs in Idaho.

Industry Employment

Industry Composition

In 1997, Washington's nonagricultural employment was dominated by four major sectors: services had one quarter of all jobs (26.9 percent), followed by trade (24.5), government (18.7) and manufacturing (14.3 percent). The next largest shares of nonag employment were, construction (5.3 percent), finance, insurance and real estate (5.1 percent), and transportation, communications and public utilities (5.1). Mining and quarrying, with 3,400 workers, accounted for only 0.1 percent of total nonagricultural employment.

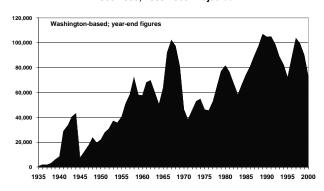
In 1997, manufacturing employed 369,400 workers statewide, generating 14.6 percent of total nonagricultural employment and a host of indirect jobs in retail trade and services. Transportation equipment dominated the durable goods sector, with aircraft and parts accounting for most of the jobs (104,600). In 1947, aerospace employed 13,300 workers; from then, with occasional dips and stalls, it climbed to 104,500 in 1968. In 1971, the "Boeing Bust" caused employment to nose-dive to 40,500. Subsequently, aerospace recovered and continued to spiral upwards, but not without encountering recessionary downdrafts (to 45,000 in 1976 and to 65,000 in 1983). It reached its zenith in 1990 (116,300), descended to about 80,200 in 1995, rebounded to 108,700 in October 1997 but once again is going through another down cycle, driven this time by financial crises in Asia, Russia and South America. Projections indicate Washington's aerospace employment will drop 45,000 companywide from mid-1998 to the end of 2000, with an estimated 31,000 of these cuts occurring in Washington



State. King and Snohomish counties, where most of the commercial production is located, will likely incur most of the losses.

The next largest sector is lumber and wood products, which employed 35,400 in 1997 with a 13.6 percent share of durable goods. This industry has declined dramatically from its 1951 peak of 60,700 workers when it commanded a 47.7 percent share of durable goods. A large portion of the loss has been attributed to new equipment and technology, which have produced significant efficiency gains at the expense of labor. Another factor in recent years has been the diminishing timber supply, the result of traditional timber harvesting practices and environmental legislation. Within nondurable goods, the largest sector is food and kindred products, which employed 41,500 workers in 1997.





Employment Projections	1998	2003	2008	1998-03	2003-08
Total Nonagricultural Employment 1/	2,595.4	2,837.3	3,060.6		7.9%
Manufacturing	380.1	384.1	397.1	1.0%	3.4%
Aircraft and Parts	110.7	99.0	98.0	-10.6%	-1.0%
Mining & Quarrying	3.5	3.7	3.8	4.8%	3.8%
Construction	141.9	151.0	157.3	6.4%	4.2%
Transportation, Communication & Utilities	129.4	129.8	138.8	0.2%	6.9%
Wholesale Trade	155.5	163.4	171.6	5.1%	5.0%
Retail Trade	471.8	518.7	557.1	9.9%	7.4%
Finance, Insurance & Real Estate	130.2	138.5	146.3	6.4%	5.6%
Services	717.7	838.2	939.1	16.8%	12.0%
Government	465.2	509.9	549.7	9.6%	7.8%
Federal	67.3	66.4	67.1	-1.4%	1.1%
State	133.9	149.3	162.5	11.5%	8.8%
Local	264.0	294.3	320.1	11.5%	8.8%

1/ Data for 1998 based on 1997 benchmark

In services, the leading job source with over one quarter of all nonfarm jobs (677,000), the largest sector is health services with 178,000 workers, followed by business services with 144,700. Services as a whole has grown 528 percent from 103,500 in 1960 to almost 677,000 in 1997. Since 1947, this division's share of total nonag has grown from 16 percent to 26.8 percent.

Trade comprises the second biggest industry (607,200 or 24.0 percent of total). Here, eating and drinking establishments make up the largest component; next come wholesale trade and food stores. Over the past three decades, trade has emerged as the second fastest-growing industry, expanding more than threefold from 1960's level of 180,000. Most of the growth has been concentrated in the retail portion, which has increased 261 percent from 126,400 workers in 1960 to 456,900 in 1997. Nonetheless, trade's share of total nonag employment has not changed much over the past few decades, ranging from 22 to 24 percent.

Washington's third-largest industry is government with 457,500 workers or 18.8 percent of all nonfarm jobs. Local education (K-12 public school teachers and support staff) is the dominant sector of this industry; it is followed by local noneducation (i.e., city and county employees, police, fire, etc.); then by federal, state education and state noneducation.

Future Prospects

Total Washington nonfarm employment is projected to reach 2,837,300 in the year 2003 and 3,060,600 by 2008. This represents growth of 9.3 percent from 1998 to 2003, and 7.9 percent from 2003 to 2008.

Income and Wages

Per Capita Income

Washington's per capita income for 1996 grew to \$25,277, a 5.4 percent increase over 1995's revised figure of \$23,974, according to estimates from the Bureau of Economic Analysis. Washington's 1996 PC income was 3.3 percent above the national average. For more than four decades Washington's per capita income had surpassed the national average (by as much as 11 percent in 1966), but in the 1980s, particularly after the 1982 recession, it started on a downward trend and in 1988 dipped below the U.S. average. An analysis by the State Office of Financial Management attributed the decline to losses of high wage jobs in lumber, construction, steel and shipbuilding as well as to decreased earnings in a variety of nonmanufacturing sectors. Since 1989, however, the state figure has verged back to the older trendline of higher per capita income.

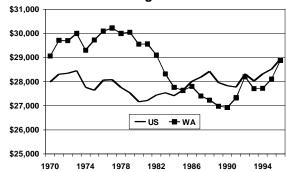
King County had the highest per capita in the state, \$34,440 (36 percent above the state figure). Next was San Juan at \$31,643, then Clark at \$24,092 (see Table V-B for all counties).

Wages

In 1997, the statewide average wage moved up 6.5 percent, from \$2,406 to \$2,563 per month (see Table V-A). Wage growth in 1997 was driven largely by the burgeoning Puget Sound economy, which was not yet affected by the Asian financial crisis and the ensuing cutbacks in aerospace employment.

In 1979, the state's average pay had been 6.2 percent above the national average, but after the 1982 recession this plus margin started eroding until in 1984 the state's wages dropped below the U.S. average, reaching a nadir of -5.5 percent in 1988. Since that time, however, the differential has progressively narrowed, and by 1996 real average earnings were almost the same.

Adjusted Average Wages 1970-1996 Washington & U.S.



With an average of \$3,108 a month, King County posted the highest covered wage in the state; it was followed by Snohomish County at \$2,687 a month and by Benton County at \$2,551. Okanogan County registered the lowest, \$1,453 a month (see chart next page).

By industry sector, monthly wages in 1997 averaged \$3,394 in manufacturing; \$3,217 in TCU; \$3,054 in wholesale trade; \$3,123 in FIRE; \$2,742 in construction and mining; \$2,736 in government; \$2,578 in services; and \$1,402 in retail trade. ◆

1997 Average Monthly Wages in Washington



Washington State
April 1, 1998 Estimates of Washington State Population
With Net Migration from 1990-1998

				Percent	Net	Growth
	990 Census	1998 Est.			Migration	Rank
Washington	4,866,663	5,685,300	818,637	16.8%	510,183	
Adams	13,603	15,900	2,297	16.9%	777	23
Asotin	17,605	20,000	2,395	13.6%	2,093	30
Benton	112,560	137,500	24,940	22.2%	15,699	10
Chelan	52,250	62,600	10,350	19.8%	6,916	16
Clallam	56,204	66,700	10,496	18.7%	10,777	18
Clark	238,053	328,000	89,947	37.8%	70,520	1
Columbia	4,024	4,200	176	4.4%	176	39
Cowlitz	82,119	93,100	10,981	13.4%	7,582	31
Douglas	26,205	31,400	5,195	19.8%	3,293	15
Ferry	6,295	7,300	1,005	16.0%	845	24
Franklin	37,473	44,400	6,927	18.5%	1,028	19
Garfield	2,248	2,400	152	6.8%	239	37
Grant	54,798	69,400	14,602	26.6%	9,104	3
Grays Harbor	64,175	67,900	3,725	5.8%	2,319	38
Island	60,195	72,500	12,305	20.4%	1,688	14
Jefferson	20,406	26,500	6,094	29.9%	6,217	2
King	1,507,305	1,665,800	158,495	10.5%	70,938	35
Kitsap	189,731	229,000	39,269	20.7%	24,068	13
Kittitas	26,725	31,400	4,675	17.5%	3,921	20
Klickitat	16,616	19,100	2,484	14.9%	1,898	27
Lewis	59,358	68,600	9,242	15.6%	7,607	25
Lincoln	8,864	10,000	1,136	12.8%	1,220	32
Mason	38,341	48,300	9,959	26.0%	9,365	4
Okanogan	33,350	38,400	5,050	15.1%	3,308	26
Pacific	18,882	21,500	2,618	13.9%	3,078	28
Pend Oreille	8,915	11,200	2,285	25.6%	1,987	5
Pierce	586,203	686,800	100,597	17.2%	58,141	22
San Juan	10,035	12,600	2,565	25.6%	2,501	6
Skagit	79,545	98,700	19,155	24.1%	15,236	7
Skamania	8,289	9,900	1,611	19.4%	1,380	17
Snohomish	465,628	568,100	102,472	22.0%	63,951	11
Spokane	361,333	410,900	49,567	13.7%	31,022	29
Stevens	30,948	37,600	6,652	21.5%	5,456	12
Thurston	161,238	199,700	38,462	23.9%	29,530	8
Wahkiakum	3,327	3,900	573	17.2%	644	21
Walla Walla	48,439	54,600	6,161	12.7%	4,319	33
Whatcom	127,780	157,500	29,720	23.3%	23,143	9
Whitman	38,775	41,400	2,625	6.8%	984	36
Yakima	188,823	210,500	21,677	11.5%	1,209	34

Note: Detail may not add due to rounding. Unrounded numbers are not meant to imply precision. Actual vital events through December 1996. OFM/Forecasting 6/30/1998